

UMASIPALATI MHLONTLO
MHLONTLO MUNICIPALITY

2012/2013 BUDGET AND MTREF



SCHEDULE A

ANNUAL BUDGET OF MHLONTLO MUNICIPALITY AND SUPPORTING DOCUMENTATION

2012/13 TO 2014/15
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Table of Contents

Part 1 – Annual Budget.....	1
1.1 Foreword by the Executive Mayor.....	1
1.2 Council Resolutions	3
1.3 Executive Summary	4
1.4 Operating Revenue Framework.....	14
1.5 Operating Expenditure Framework	18
1.6 Capital expenditure	19
1.7 Annual Budget Tables	20
Part 2 – Supporting Documentation.....	33
2.1 Overview of the annual budget process	33
2.2 Budget Process Overview	33
2.3 Budget Time Schedule	34
2.4 IDP and SDBIP	37
2.5 Measurable Performance Objectives.....	43
2.6 Performance Indicators and Benchmarks	47
2.7 Overview of Budget related policies	49
2.8 Councillor and employee benefits	49
2.9 Contracts having future budgetary implications	52
2.10 Municipal Manager’s Quality Certificate.....	53

List of Tables

Table 1 Tariff increases	6
Table 2 Consolidated Overview of the 2012/13 MTREF	7
Table 3 Measurable Performance Objectives	13
Table 4 Budget Summary - Operating Revenue	15
Table 5 Transfers and grant receipts	16
Table 6 Budget Summary - Operating Expenditure	18
Table 7 Budget Summary - Capital Expenditure.....	19
Table 8 Budget Main Table: A1 : Budget Summary.....	20
Table 9 Budget Main Table: A2 : Budgeted Financial Performance (Revenue and Expenditure by standard Classification)	22
Table 10 Budget Main Table: A3 :Budgeted Financial Performance (Revenue & Expenditure by Municipal Vote)	23
Table 11 Budget Main Table: A4 : Municipal Budgeted Performance (Revenue & Expenditure)	24
Table 12 Budget Main Table: A5 : Budgeted Capital Expenditure by vote, standard Classification and funding	25
Table 13 Budget Main Table: A6 :Budgeted Financial Position.....	26
Table 14 Budget Main Table: A7 : Budgeted Cash Flows.....	27
Table 15 Budget Main Table: A8 :Cash Backed Reserves/Accumulated Surplus	28
Table 16 Budget Main Table: A9 : Asset Management.....	29
Table 17 Budget Main Table: A10 : Basic Service Delivery Measurement	30
Table 18 Budget Supporting Table: S A4 : Reconciliation of IDP Strategic Objective and Budget (Operating Revenue).....	39
Table 19 Budget Supporting Table: S A5 : Reconciliation of IDP Strategic Objective and Budget (Operating Expenditure).....	40
Table 20 Budget Supporting Table: S A6 : Reconciliation of IDP Strategic Objective and Budget (Capital Expenditure).....	42
Table 21 Budget Supporting Table: S A7 : Measurable Performance Indicators	44
Table 22 Budget Supporting Table: S A8 : Performance Indicators and Benchmarks	47
Table 23 Budget Supporting Table: S A22 : Summary of Councillors and Staff Benefits	49
Table 24 Budget Supporting Table: S A23: Salaries, Allowances and Benefits (Political Office Bearers/Councillors/Senior Managers)	51
Table 25 Budget Supporting Table: S A32 : List of External Mechanisms (Service Delivery)	52

Abbreviations and Acronyms

AMR	Automated Meter Reading	MPRA	Municipal Properties Rates Act
ASGISA	Accelerated and Shared Growth Initiative	MPAC	Municipal Public Accounts Committee
BSC	Budget Steering Committee	MSA	Municipal Systems Act
BTO	Budget and Treasury Office	MSIG	Municipal Systems Improvement Grant
CBD	Central Business District	MTREF	Medium-term Revenue and Expenditure Framework
CFO	Chief Financial Officer	MTREF	Medium-term Revenue and Expenditure Framework
CRRF	Capital Replacement Reserve Fund	NERSA	National Electricity Regulator of South Africa
DBSA	Development Bank of South Africa	NGO	Non-Governmental organisations
DoRA	Division of Revenue Act	NKPIs	National Key Performance Indicators
DWA	Department of Water Affairs	NT	National Treasury
EE	Employment Equity	OHS	Occupational Health and Safety
EM	Executive Mayor	OPMS	Organisational Performance Management System
FBS	Free basic services	PBO	Public Benefit Organisations
FMG	Financial Management Grant	PGDS	Provincial Growth and Development Strategy
GAMAP	Generally Accepted Municipal Accounting Practice	PMS	Performance Management System
GDP	Gross domestic product Strategy	PPE	Property Plant and Equipment
GFS	Government Financial Statistics	PPP	Public Private Partnership
GRAP	General Recognised Accounting Practice	PT	Provincial Treasury
HR	Human Resources	RSC	Regional Services Council
IDP	Integrated Development Plan	SALGA	South African Local Government Association
INEP	Integrated National Electrification Program	SAPS	South African Police Service
IT	Information Technology	SDBIP	Service Delivery Budget Implementation Plan
HOD	Head of Department	SMME	Small Micro and Medium Enterprises
kℓ	kilolitre		
km	kilometre		
KPA	Key Performance Area		
KPI	Key Performance Indicator		
kWh	kilowatt		
ℓ	litre		
LED	Local Economic Development		
MBRR	Municipal Budget Reporting Regulations		
MEC	Member of the Executive Committee		
MFMA	Municipal Financial Management Act		
MIG	Municipal Infrastructure Grant		
MMC	Member of Mayoral Committee		

1.1 MHLONTLO LOCAL MUNICIPALITY : MAYORS BUDGET SPEECH

Honourable Speaker
Executive members
Councillors
Traditional Leaders
Council of Churches
Community at Large
Officials

I greet you all in the name of service delivery.

The functions of the Council centres around promoting the interests of its ratepayers, employees residents and customers by striving to render the highest quality of services, advancing the interests of its employees by providing safe, secure and satisfying working environments.

A further important challenge facing Council is to improve the financial position of Mhlontlo Local Municipality. In particular an improvement in the collection of long outstanding debtor's balances is critical if the Council is to achieve its goals. The unfortunate part is that the unemployment rate in the area has worsened causing many residents not to be able to pay for services. Our ability to render services will be threatened in our financial status and we hope that workable solutions will be found soon challenge.

As we strive towards impacting rural livelihood for the better in local Municipality of Mhlontlo, amongst the compliance issues is the submission of the MTREF budget as prescribed in section 126 of the Local Government: Municipal Finance Management Act 56 of 2003

I therefore submit 2012/13 Budget. The Council remains committed in improving its service delivery even though our budget is limited as the municipality is solely depending on grants and hoping to meeting the challenges it faces and hopefully in future years, I will be able to report positively on the progress we have made in this regard.

Following are the major activities that the municipality will be engaged in in the 2012/2013 financial year.

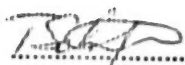
- Electrification of the households without electricity.
- Ensure the construction of roads.
- Alleviation of poverty through: Free Basic Services to the Indigent communities.
- As well as LED projects.

As much as some of other services are under the OR Tambo District Municipality, Mhlontlo Municipality will ensure that working relations are improved so as to improve service delivery.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

In conclusion I would like to ensure our community that though the budget is limited but Mhlontlo municipality will remain improving its service delivery. I also would like express my appreciation to my

fellow Council members, the Municipal Manager, The Chief Financial Officer and all other staff for their support, co-operation and hard work during the preparation of the budget as well as IDP.



.....
Cllr T.N. Sabisa

Executive Mayor – Mhlontlo Municipality

1.2 COUNCIL RESOLUTIONS

On 30 May 2012 the Council of Mhlontlo Municipality met in the Council Chambers to consider the final draft of the annual budget of the municipality for the financial year 2012/13. The Council was to note the budget:

1. The Council of Mhlontlo Municipality, acting in terms of section 16 and 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:

- 1.1. The annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:

- 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 11 on page 17;
- 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 12 on page 19;
- 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 13 on page 20; and
- 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 14 on page 21.

- 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

- 1.2.1. Budgeted Financial Position as contained in Table 15 on page 22;
- 1.2.2. Budgeted Cash Flows as contained in Table 16 on page 23;
- 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 17 on page 24;
- 1.2.4. Asset management as contained in Table 18 on page 25; and
- 1.2.5. Basic service delivery measurement as contained in Table 19 on page 27.

2. The Council of Mhlontlo Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) note the tariffs with effect from 1 July 2012.

3. To give proper effect to the municipality's annual budget, it must further be noted that:

- 3.1. Cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality's remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The Municipality as required by section 23, 24 and 25 of Municipal Systems act (act 32 of 2000) undertook a strategic planning session with a sole mandate of developmental oriented planning so as to have a Integrated Developmental plan with implementable strategies and prioritisation of projects in compliance with section 29 of Municipal Systems act (34 of 2000). Alignment of strategic objectives, priorities and budget was undertaken. The draft IDP has been tabled to the council and further consultations with community, IGR structures and other stakeholders will be undertaken.

1.3.1 The Budget Process

The 2012/13 to 2014/15 Budget preparation commenced in August 2011 after Council approved a timetable for the IDP and Budget preparation process.

The Budget comprises both Operating and Capital Budgets, which is a requirement of the Constitution and the Municipal Finance Management Act (MFMA).

An overview of the Operating and Capital Budgets respectively, with high level tables, will provide an overall picture of the Municipality's finances. The municipality has committed itself in ensuring that it implements its turnaround strategy of clean audit by 2014 .

One of the objectives of the budget timetable is to ensure integration between the development of the Integrated Development Plan (IDP) and the Budget. The IDP is the strategic plan of the Municipality and it is critical that the Budget enables the achievement of the IDP objectives. Table 3 illustrates the link between the IDP and Budget.

1.3.2 Guidelines

The assumptions and principles applied in the development of this Budget are based upon guidelines received from National and Provincial Treasury using Circulars 51, 54, 58 and 59; regulatory institutions such as the National Electricity Regulator of South Africa (NERSA); the South African Local Government Bargaining Council and SALGA .

The IDP's strategic focus areas informed the development of the Budget, in addition to assessing the relative capacity to implement the Budget, taking affordability considerations into account. The

MHLONTLO MUNICIPALITY 2012/2013 MTREF

aforementioned guidelines were considered appropriate to inform the development of the Budget.

As a strategy the following guidelines were also used to compile the 2012/13 to 2014/15 Operating and Capital budgets:

- The priorities and targets in relation to the key strategic focus areas as determined in the IDP.
- The level of property rates and tariff increases to take into account the need to address maintenance and infrastructural backlogs, including the expansion of services.
- An assessment of the relative capacity to implement the Budget.
- No budget allocation has been made to programmes and projects, unless the respective programme and project plans have been submitted by the relevant Directors.
- The need to enhance the municipality's revenue base.

1.3.3 Budget assumptions

1.3.3.1 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2012/13 MTREF:

- National Government macro economic targets;
- The general inflationary outlook and the impact on Municipality's residents and businesses;
- The impact of municipal cost drivers;
- The increase in the cost of remuneration. Employee related costs comprise 36% of total operating expenditure in the 2012/13 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.3.3.2 Collection rate for revenue services

The rate of revenue collection is currently expressed as a percentage (95%) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.3.3.4 Salary increases

The collective agreement regarding salaries/wages came into operation on 1 July 2009 and shall remain in force until 30 June 2012. It has been capped at 7.5% as per SALGA Bargaining Council

1.3.3.5 Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions.

1.3.4 Operating Budget

The Operating Budget totals R138 million, which funds the continued provision of services provided by the Municipality.

Funding is obtained from various sources, the major sources being service charges such as Licensing , refuse collection and disposal (1%), property rates (5%), grants and subsidies received from National and Provincial Governments (92%) and other income at (2%).

In order to support the 2012/13 Operating Budget, the following increase in rates and service charges have been proposed, with effect from 1 July 2012:

TABLE 1 : EC 156 Mhlontlo Rates and Tariff increases

	2012-13	2013-14	2014-15
Rates	4%	4%	4%
Refuse	2%	2%	2%

The municipality's own revenue base is very limited. The growth in the property market is stunned as a large proportion of the municipal area is rural, with very limited infrastructure that is ageing and dilapidating. Our current operating budget cannot handle the need to address infrastructure maintenance and backlogs. This requires substantial cash resources. The presidential intervention is the current solution at this point. In relation to staffing requirements, budget provisions are set aside on an annual basis, in order to fill vacant positions critical to service delivery. The 2012/13 Budget has provisions for repairing plant and machinery. This fleet will be operational and will assist in improving infrastructure maintenance levels.

1.3.5 Free Basic Services

The municipality currently provides and has budgeted for the following benefits to registered indigent households:

- Electricity: A subsidy of fifty (50) units of electricity per property per month to registered households will apply.
- Alternative energy (paraffin) which is 20L per house hold will be applied for the duration of 2012/2013 financial year.
- Refuse Removal: A subsidy, not more than the applicable tariff for the 2012/13 financial year, will be applied for the duration of the financial year.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

In view of the aforementioned, the following table is a consolidated overview of the proposed 2012/13 Medium-term Revenue and Expenditure Framework:

Table 2 : EC 156 Mhlontlo Consolidated Overview of the 2011/12 MTREF

Description	Adjusted Budget	2012/13 Medium Term Revenue & Expenditure Framework		
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
High Level Outcome of Funding Compliance				
Total Operating Revenue	106460	138865	156277	177178
Total Operating Expenditure	97213	128736	146255	161632
Surplus/(Deficit) Budgeted Operating Statement	9247	10129	12021	15546
Total Capital Funding	52593	32448	34167	54842

Total operating revenue has increased by 30 % or R32.2 million for the 2012/13 financial year when compared to the 2011/12 Adjusted Budget. This was a result of the new classification of the Integrated National Electricity Program (INEP) as an operational transfer (R20m) in the 2012/2013 financial year, but previously was classified as a capital transfer.

Total operating expenditure for the 2012/13 financial year has been appropriated at R128 million and translates into a budgeted surplus of R10 million.

Total Capital Budget for 2012/13 totals R32 million and is less than the adjusted budget for 2011/12 of R52.5 million by R 20m which has now been re-classified. m in the 2012/13 financial year. The Capital Program is funded through National Government grants in the form of Municipal Infrastructure Grant.

1.3.6 MFMA and related legislation

Below are the legislative requirements that guide the budget preparation process:

Municipal Structures Act

The Municipal Structures Act (No. 117 of 1998) as amended, under section 56: Functions and Powers of Executive Mayor, states that the Executive Mayor shall-

- “(a) identify the needs of the municipality;
- (b) Review and evaluate those needs in order of priority;
- (c) recommend to the municipal Council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and

- (d) Recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community."

Legislation also requires municipalities to compile operating and capital budgets on an annual basis. The operating and capital budgets must balance (i.e. may not reflect a deficit) and must be prepared in accordance with the integrated development plan.

Municipal Finance Management Act

Section 16 (2) of the Municipal Finance Management Act No. 56 of 2003, (MFMA) dealing with legislative compliance regarding the tabling of the annual budget states inter alia that:

"... the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Section 21(1) of the MFMA, which deals with the Budget preparation process, stipulates that the Executive Mayor must-

- "(a) co-ordinate the processes for preparing the annual budget and for reviewing the municipality's integrated development plan and budget-related policies to ensure that the tabled budget and any revisions of the integrated development plan and budget-related policies are mutually consistent and credible;
- (b) at least 10 months before the start of the budget year, table in the municipal council a time schedule outlining key deadlines for-
 - (i) the preparation, tabling and approval of the annual budget;
 - (ii) the annual review of-
 - (aa) the integrated development plan in terms of Section 34 of the Municipal Systems Act; and
 - (bb) the budget related policies
 - (iii) The tabling and adoption of any amendments to the integrated development plan and the budget related policies; and
 - (iv) Any consultative processes forming part of the processes referred to in sub-paragraphs (i), (ii) and (iii).

The approval of the Budget is regulated by Section 24 of the MFMA, which states as follows-

- (1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget;
- (2) An annual budget-

- (a) must be approved before the start of the budget year;
- (b) must be approved together with the adoption by the council of the resolutions as may be necessary for-
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and approving any changes to the municipality's budget-related policies."

Below is a discussion of the Municipality's progress relating to the implementation of the MFMA:

1.3.7 Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA in accordance with a documented Implementation Plan. The municipality monitors its implementation status on an on-going basis through reporting via its Committees, including the following:

- The Municipal Manager's Management Team includes all section 57 managers, which meets monthly and attends to MFMA issues requiring attention.
- The Finance and Asset Management Committee – a standing committee of the Council, which meets monthly. The committee considers specific MFMA implementation issues and reports via the Executive Committee to Council.
- Meetings between the Municipal Manager, CFO and section 57 managers to discuss MFMA implementation issues, as and when necessary. Issues requiring attention are monitored so that actions are taken to ensure compliance.

The following reflects the status of implementation of some of the key MFMA areas:

1.3.8 IDP

The IDP review process was finalised and a final 2012/13 IDP has been developed. The IDP includes specific deliverables that form the basis for the Budget and SDBIP.

1.3.9 Budget Reporting Formats

As part of its budget reforms, National Treasury released a budget formats guide. This budget formats guide has been imposed through Budget and Reporting Regulations, which specifies the required tables to be published with the municipality's budget document.

The objectives of the budget formats reforms are as follows:

- To ensure that municipal budget and financial reporting formats support the other financial management reforms introduced by the MFMA;
- To improve the local government spheres' ability to deliver basic services by –
 - ☐ addressing issues of financial sustainability; and
 - ☐ facilitating informed policy choices and medium term planning of service delivery.
- To formalise the norms and standards governing municipal budget and financial reporting formats, so as to improve the credibility, sustainability, transparency, accuracy, and reliability

of budgets and in-year reports of municipalities.

A description of the purpose and relevance of each budget table is provided further in this report.

1.3.10 SDBIP

The 2012/13 draft SDBIP document has been developed, within the prescribed timeframes as required by the MFMA. This document contains the specific performance measures relating to the IDP objectives, which are incorporated into the Budget. The content of the SDBIP is reflected in the Municipal Manager and the section 57 manager's performance contracts.

1.3.11 Annual Report

The Annual Report for the 2010/2011 has been compiled and tabled before Council on the 31st January 2012, as required by the MFMA (S127). It was adopted on the 30th March 2012.

The 2010/11 annual financial statements had some improvements as the municipality moved from a disclaimer to a qualified opinion on the financial statements.

1.3.12 Oversight Report

The Speaker has lead the oversight process for the 2010/11 financial year, which complies with the MFMA and NT guidance with an Oversight Committee. The oversight report was adopted on 30 March 2012.

1.3.13 In-Year Reporting

The municipality submits the various reports required in accordance with the MFMA to the Executive Mayor, Council, and National Treasury on an on-going basis.

1.3.14 Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and Supply Chain Management Regulations.

All the required committee structures are in place and are functioning. Whilst the municipality is working at making these new processes operate more efficiently and effectively, it is considered that the municipality is currently largely complying with the MFMA and NT guidelines.

1.3.15 Budget and Treasury Office

A Budget and Treasury Office has been established in accordance with the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

1.3.16 Alignment of budget with IDP

The Integrated Development Plan (IDP) determines and prioritises the needs of the community. All the plans for Mhlontlo municipality form the basis of the 5 year IDP and is particularly strong on integration, consultation and public participation. The plan provides a comprehensive Spatial Development Framework which sets a basis for integrated implementation in a systematic approach. The Service Delivery and Budget Implementation Plan is the mechanism that ensures that the IDP and the Budget are aligned.

The 2012/13 to 2014/15 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- Service delivery under conditions of good governance
- Financial planning and Viability
- Institutional Development and Transformation
- Local Economic Development
- Good governance and public participation

The above mentioned strategic focus areas informed the preparation of the Budget.

After public consultation and a series of meetings that were held throughout the municipal area, the feedback flowing from these meetings was referred to the relevant departments for their attention. The final budget was amended as such

Below is a table 3, which illustrates the link between the Budget and the IDP.

FC155 M1 for the - Supporting Table SA7 Measureable performance objectives

1.2.5

1.3.17 Funding of the budget

The budget is funded from two major sources:

- Realistic expected revenue from operations (Property rates and service charges)
- Grants and subsidies (cash backed allocations from government)

1.3.18 Overview of the Projected Financial Performance

The municipality's financial performance and position is gradually improving for the following reasons:

- Budgets are balanced, being funded from the current financial year's revenues
- The municipality operates within its annual budget, as approved by Council.
- The municipality maintains a positive cash and investments position.
- Improved revenue collection rates being achieved.

1.4 OPERATING REVENUE FRAMEWORK

For Mhlontlo Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

In the 2011/12 financial year the municipality achieved a collection rate of 80% on the revenue billed in the year. This has to been maintained in the 2012/13 financial period, with still some challenges from household revenue collections. The projected collection rate is at 95%, as measures are currently being implemented to collect old household debt and all currently billed revenue.

The following table is a summary of the 2012/13 MTREF (classified by main revenue source):

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 4 : EC156 Mhlontlo – MBRR Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	1,546	1,923	1,200	2,479	4,605	4,605	8,327	8,327	8,744	9,181
Service charges	592	655	300	760	206	206	434	541	569	599
Investment revenue	–	–	–	–	686	686	991	751	792	834
Transfers recognised - operational	33,772	41,108	57,795	–	84,922	84,922	87,918	125,771	142,512	162,704
Other own revenue	25,415	5,709	11,230	8,240	16,040	16,040	4,324	3,474	3,662	3,859
Total Revenue (excluding capital transfers and contributions)	61,324	49,395	70,525	11,480	106,460	106,460	101,995	138,865	156,277	177,178

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Operating grants and transfers totals R87 million in the 2011/12 financial year and steadily increases to R163 million by 2014/15.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 5 : EC156 Mhlontlo - Supporting Table SA18 Transfers and grant receipts

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:									
Operating Transfers and Grants									
National Government:	-	-	-	91,419	95,153	95,153	122,865	139,317	159,035
Local Government Equitable Share				87,213	87,213	87,213	99,507	106,947	116,335
Municipal Systems Improvement				790	790	790	800	870	950
Finance Management				1,450	1,899	1,899	1,500	1,500	1,750
EPWP Incentive				966	966	966	1,058		
Integrated National Electrification Programme				1,000	4,285	4,285	20,000	30,000	40,000
Other transfers/grants (insert description)									
Provincial Government:	-	-	-	-	2,066	2,066	978	1,100	1,151
Other transfers/grants (insert description)									
Housing Grant					1,041	1,041			
Sinakho Coffin Manufacture-LED					390	390			
Malakhiwe Bakery					300	300			
Qhanqu Brick Making					42	42			
Tsibiane Socio Economic					117	117			
Mhlangalo Socio Economic					110	110			
LED Assistance					67	67			
Library Subsidies							115	200	200
Devolution of Property Rates							775	812	858
LED-Capacity Revitalisation of the Second Economies							93		

T.N.S

MHLONTLO MUNICIPALITY 2012/2013 MTREF

District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Operating Transfers and Grants	-	-	-	91,419	97,220	97,220	123,843	140,417	160,186
Capital Transfers and Grants									
National Government:	-	-	-	28,338	28,338	28,338	34,376	36,262	38,359
Municipal Infrastructure Grant (MIG)				28,338	28,338	28,338	34,376	36,262	38,359
Other capital transfers/grants [insert desc]									
Provincial Government:	-	-	-	-	2,711	2,711	-	-	-
Other capital transfers/grants [insert description]									
Gqunu Lots Farms					818	818			
Game Reserve Mhlontlo					1,893	1,893			
District Municipality:	-	-	-	-	-	-	-	-	-
[insert description]									
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]									
Total Capital Transfers and Grants	-	-	-	28,338	31,049	31,049	34,376	36,262	38,359
TOTAL RECEIPTS OF TRANSFERS & GRANTS	-	-	-	119,757	128,268	128,268	158,219	176,679	198,545

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1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2012/13 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The capital programme is aligned to the asset renewal strategy and backlog eradication plan and

- Operational gains and efficiencies will be directed to funding the capital budget and other core services.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure):

Table 6 : EC 156 Mhlontlo – Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Employee costs	23,560	26,319	34,939	36,868	34,944	34,944	25,172	51,681	55,527	59,654
Remuneration of councillors	-	-	-	-	12,207	12,207	9,811	12,421	13,290	14,287
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	946	946	-	500	527	552
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	25,529	12,585	3,370	3,486	49,116	49,116	28,730	64,135	74,912	87,138
Total Expenditure	49,089	38,904	38,309	40,355	97,213	97,213	63,713	128,736	144,256	161,632

The major expenditure items are employee costs (50%), general expenses (47%), repairs and maintenance (3%).

1.6 CAPITAL EXPENDITURE

The following table reflects the capital budget of the municipality over the 2012/13 MTREF

Table 7 : EC156 Mhlontlo – MBRR Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	15,806	26,497	79,032	-	43,346	43,346	34,818	42,145	43,633	46,094
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	15,806	26,497	79,032	-	43,346	43,346	34,818	42,145	43,633	46,094

For the 2012/13 budget period capital expenditure is only projected at R42 m, funded from government grants to the tune of R32 m and R10 m from own surpluses.

ONGOING ISSUES REQUIRING MONITORING AND EVALUATION

The municipality is closely monitoring certain issues that could have a significant financial impact on future budgets. If one or more of them require substantial resources beyond what is included in the mid-term budget, the municipality will have to adjust its spending plans to maintain its financial position. Many of the items listed below could have major and permanent impacts on the operating budget, and would therefore require permanent increases in revenue, or reductions in other services. Consequently, they should be carefully monitored and evaluated:

- Maintenance backlogs in roads, electricity and municipal properties
- Staffing requirements and the impact on the personnel expenditure target;
- Acceptance and implementation of unfunded mandates; e.g. Disaster management and Library Services;
- Improving on current collection rates especially household debt

MHLONTLO MUNICIPALITY 2012/2013 MTREF

1.8 Annual Budget Tables

The 18 following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 8 : EC156 Mhlontlo – MBRR Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Financial Performance										
Property rates	1,546	1,923	1,200	2,479	4,605	4,605	8,327	8,327	8,744	9,181
Service charges	592	655	600	760	206	206	434	541	569	599
Investment revenue	-	-	-	-	686	686	951	751	792	834
Transfers recognised - operational	33,772	41,108	57,795	-	84,922	84,922	87,918	125,771	142,512	162,704
Other own revenue	25,415	5,709	11,230	6,240	16,040	16,040	4,324	3,474	3,662	3,859
Total Revenue (excluding capital transfers and contributions)	61,324	49,395	70,525	11,480	106,460	106,460	101,995	138,865	156,277	177,178
Employee costs	23,560	26,319	34,939	36,368	34,944	34,944	25,172	51,681	55,527	59,654
Remuneration of councillors	-	-	-	-	12,207	12,207	9,811	12,421	13,290	14,287
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-
Finance charges	-	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	-	-	-	-	946	946	-	500	527	552
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	25,529	12,585	3,370	3,486	49,116	49,116	28,730	64,135	74,912	87,138
Total Expenditure	49,089	38,904	38,309	40,855	97,213	97,213	63,713	128,736	144,256	161,632
Surplus/(Deficit)	12,236	10,491	32,216	(26,375)	9,247	9,247	38,282	10,129	12,021	15,546
Transfers recognised - capital	-	-	-	-	43,346	43,346	-	32,448	34,167	35,842
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	12,236	10,491	32,216	(26,375)	52,593	52,593	38,282	42,577	46,189	51,388
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	12,236	10,491	32,216	(26,375)	52,593	52,593	38,282	42,577	46,189	51,388
Capital expenditure & funds sources										
Capital expenditure	15,806	26,497	79,032	47,481	52,593	52,593	34,816	42,217	43,710	46,175
Transfers recognised - capital	15,806	26,497	79,032	-	43,346	43,346	34,816	42,145	43,633	46,094
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	9,247	9,247	-	72	76	81
Total sources of capital funds	15,806	26,497	79,032	-	52,593	52,593	34,816	42,217	43,710	46,175
Financial position										
Total current assets	8,013	16,606	32,043	-	-	-	-	16,398	18,054	22,543
Total non current assets	-	26,497	49,246	36,233	46,134	46,134	-	37,033	38,342	40,504
Total current liabilities	11,153	12,731	19,473	-	-	-	-	-	-	-
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	(5,141)	30,372	61,816	36,233	46,134	46,134	-	53,430	56,396	63,048
Cash flows										
Net cash from (used) operating	12,194	25,154	28,691	47,181	52,593	52,593	1,275	42,645	46,268	51,502
Net cash from (used) investing	(9,321)	(29,344)	(22,749)	(47,181)	(52,593)	(52,593)	(412)	(38,417)	(41,710)	(44,175)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(5,214)	(9,404)	(3,462)	0	159	0	1,023	4,228	8,787	16,114
Cash backing/surplus reconciliation										
Cash and investments available	2,823	1,480	6,708	-	-	-	-	4,228	4,558	7,327
Application of cash and investments	(1,508)	(219,972)	14,436	-	-	-	-	(11,386)	(12,632)	(14,279)
Balance - surplus (shortfall)	4,332	221,452	(7,728)	-	-	-	-	15,614	17,190	21,606
Asset management										
Asset register summary (WDV)	15,858	26,497	22,374	36,243	47,869	48,373	37,033	37,033	38,342	40,504
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	8,501	5,471	5,471	3,165	3,165	3,117	3,265
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	96	96	101	106
Revenue cost of free services provided	-	-	-	-	-	-	996	996	1,048	1,100
Households below minimum service level										
Water	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-	-

T.N.S

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is funded by grant transfers of which
 - (i) R 32 m is MIG
 - (ii) R10 m is own funded from surpluses

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 9 : EC156 Mhlontlo - MBRR Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	R1	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard	1									
<i>Governance and administration</i>		55,474	47,867	34,949	59,415	58,129	58,129	59,536	62,477	68,205
Executive and council		-	2,863	13,043	26,821	25,419	25,419	28,425	30,008	32,370
Budget and treasury office		51,749	42,634	16,295	23,340	21,318	21,318	18,649	19,174	21,669
Corporate services		3,725	2,370	5,609	9,253	11,392	11,392	12,462	13,295	14,166
<i>Community and public safety</i>		546	32	5,669	11,403	12,022	12,022	22,842	22,870	25,278
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		546	32	5,669	11,403	12,022	12,022	22,842	22,870	25,278
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11,921	16,787	5,654	61,078	69,564	69,564	78,788	94,927	108,705
Planning and development		-	2,493	-	8,594	11,255	11,255	9,751	10,391	10,677
Road transport		11,921	14,294	5,654	52,484	58,310	58,310	69,037	84,535	98,028
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		943	911	4,444	6,409	10,091	10,091	10,147	10,172	10,831
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		943	911	4,444	6,409	10,091	10,091	10,147	10,172	10,831
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	68,884	65,597	50,715	138,304	149,806	149,806	171,313	190,445	213,019
Expenditure - Standard										
<i>Governance and administration</i>		55,474	47,867	34,949	59,415	58,129	58,129	56,263	59,311	63,217
Executive and council		-	2,863	13,043	26,821	25,419	25,419	27,562	29,373	31,334
Budget and treasury office		51,749	42,634	16,295	23,340	21,318	21,318	16,446	16,861	17,945
Corporate services		3,725	2,370	5,609	9,253	11,392	11,392	12,255	13,078	13,938
<i>Community and public safety</i>		546	32	5,669	11,403	12,022	12,022	19,635	20,480	21,710
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		546	32	5,669	11,403	12,022	12,022	19,635	20,480	21,710
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11,921	16,787	5,654	61,078	69,564	69,564	43,490	54,693	66,274
Planning and development		-	2,493	-	8,594	11,255	11,255	7,151	7,297	7,785
Road transport		11,921	14,294	5,654	52,484	58,310	58,310	36,340	47,395	58,489
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		943	911	4,444	6,409	10,091	10,091	9,347	9,772	10,431
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		943	911	4,444	6,409	10,091	10,091	9,347	9,772	10,431
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	68,884	65,597	50,715	138,304	149,806	149,806	128,736	144,256	161,632
Surplus/(Deficit) for the year		-	-	-	-	-	-	42,577	46,189	51,388

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 12 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 10 : EC156 Mhlontlo - MBRR Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Revenue by Vote	1									
Vote 1 - MAYOR'S OFFICE		-	1,226	1,102	2,690	3,258	3,258	2,111	1,918	2,030
Vote 2 - SPEAKER'S OFFICE		-	-	8,552	16,122	15,627	15,627	16,219	17,279	18,754
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	1,637	3,554	8,009	6,533	6,533	10,094	10,810	11,587
Vote 4 - BUDGET & TREASURY OFFICE		51,749	42,634	16,255	23,340	21,318	21,318	18,649	19,174	21,669
Vote 5 - CORPORATE SERVICES		3,725	2,370	5,636	9,253	11,392	11,392	12,462	13,295	14,166
Vote 6 - LOCAL ECONOMIC DEVELOPMENT		-	2,493	-	8,594	11,255	11,255	9,751	10,391	10,677
Vote 7 - COMMUNITY SERVICES		1,489	943	10,113	17,811	22,113	22,113	32,989	33,041	36,109
Vote 8 - INFRASTRUCTURAL, PLANNING & DEVELOPMENT		11,921	14,294	5,654	52,484	58,310	58,310	69,037	84,535	98,028
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	68,884	65,597	50,715	138,304	149,806	149,806	171,313	190,445	213,019
Expenditure by Vote to be appropriated	1									
Vote 1 - MAYOR'S OFFICE		-	1,226	1,102	2,690	3,258	3,258	1,811	1,918	2,030
Vote 2 - SPEAKER'S OFFICE		-	-	8,552	16,122	15,627	15,627	16,219	17,279	18,454
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	1,637	3,554	8,009	6,533	6,533	9,531	10,175	10,850
Vote 4 - BUDGET & TREASURY OFFICE		51,749	42,634	16,255	23,340	21,318	21,318	16,446	16,861	17,945
Vote 5 - CORPORATE SERVICES		3,725	2,370	5,636	9,253	11,392	11,392	12,255	13,078	13,938
Vote 6 - LOCAL ECONOMIC DEVELOPMENT		-	2,493	-	8,594	11,255	11,255	7,151	7,297	7,785
Vote 7 - COMMUNITY SERVICES		1,489	943	10,113	17,811	22,113	22,113	28,983	30,252	32,141
Vote 8 - INFRASTRUCTURAL, PLANNING & DEVELOPMENT		11,921	14,294	5,654	52,484	58,310	58,310	36,340	47,395	58,489
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	68,884	65,597	50,715	138,304	149,806	149,806	128,738	144,256	161,632
Surplus/(Deficit) for the year	2	-	-	-	-	-	-	42,577	46,189	51,388

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 11 : EC156 Mhlontlo -MBRR Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	1,546	1,923	1,200	2,479	4,605	4,605	8,327	8,327	8,744	9,181
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	11	592	655	300	760	206	206	434	541	569	599
Service charges - other											
Rental of facilities and equipment						37	37	25	39	41	44
Interest earned - external investments						686	686	991	751	792	834
Interest earned - outstanding debtors											
Dividends received											
Fines						98	98	74	104	110	115
Licences and permits						1,530	1,530	1,381	1,618	1,703	1,795
Agency services						375	375	420	430	453	478
Transfers recognised - operational		33,772	41,108	57,796		84,922	84,922	87,918	125,771	142,512	162,704
Other revenue	2	25,415	5,709	11,230	8,240	12,776	12,776	1,198	1,285	1,355	1,428
Gains on disposal of PPE						1,224	1,224	1,225			
Total Revenue (excluding capital transfers and contributions)		61,324	49,395	70,525	11,480	106,460	106,460	101,995	138,065	156,277	177,178
Expenditure By Type											
Employee related costs	2	23,560	26,319	34,930	36,868	34,944	34,544	25,172	51,681	55,527	59,654
Remuneration of councillors						12,207	12,207	9,811	12,421	13,290	14,287
Debt impairment	3					815	815	-	863	909	954
Depreciation & asset impairment	2	-	-	-	-	-	-	-	-	-	-
Finance charges											
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8					946	946	-	500	527	552
Contracted services		859	859	1,500	1,323	14,042	14,042	4,978	33,383	43,461	54,120
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	24,670	11,726	1,865	2,163	34,259	34,259	23,753	29,888	30,542	32,064
Loss on disposal of PPE											
Total Expenditure		49,089	38,904	38,309	40,355	97,213	97,213	63,713	128,736	144,256	161,632
Surplus/(Deficit)		12,236	10,491	32,216	(28,875)	9,247	9,247	38,282	10,129	12,021	15,546
Transfers recognised - capital						43,346	43,346	-	32,448	34,167	35,842
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		12,236	10,491	32,216	(28,875)	52,593	52,593	38,282	42,577	46,189	51,388
Taxation											
Surplus/(Deficit) after taxation		12,236	10,491	32,216	(28,875)	52,593	52,593	38,282	42,577	46,189	51,388
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		12,236	10,491	32,216	(28,875)	52,593	52,593	38,282	42,577	46,189	51,388
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		12,236	10,491	32,216	(28,875)	52,593	52,593	38,282	42,577	46,189	51,388

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

Total operating revenue is R138 Million in 2012/13 and increase to R156 million by 2013/14. This represents an increase of 13 per cent for the 2013/14 financial year and another increase of 13 per cent for the 2014/15 financial year.

T. N. S.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 12 : EC156 Mhlontlo – MBRR Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	R/	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - MAYOR'S OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 2 - SPEAKER'S OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 4 - BUDGET & TREASURY OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - LOCAL ECONOMIC DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 7 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 8 - INFRASTRUCTURAL PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - MAYOR'S OFFICE		-	-	-	800	680	680	706	300	-	-
Vote 2 - SPEAKER'S OFFICE		-	-	-	800	600	600	-	-	-	300
Vote 3 - MUNICIPAL MANAGER'S OFFICE		-	-	-	-	493	493	29	563	635	736
Vote 4 - BUDGET & TREASURY OFFICE		-	270	-	600	-	-	-	-	-	-
Vote 5 - CORPORATE SERVICES		-	800	1,030	800	998	998	142	206	217	228
Vote 6 - LOCAL ECONOMIC DEVELOPMENT		2,169	436	2,427	5,825	2,861	2,861	2,227	2,600	2,738	2,872
Vote 7 - COMMUNITY SERVICES		941	-	130	2,657	5,401	5,401	750	2,050	1,716	1,781
Vote 8 - INFRASTRUCTURAL PLANNING & DEVELOPMENT		12,695	25,452	75,505	36,708	41,560	41,560	30,924	36,498	38,403	40,258
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		15,806	26,497	79,032	47,481	52,593	52,593	34,818	42,217	43,710	46,175
Total Capital Expenditure - Vote		15,806	26,497	79,032	47,481	52,593	52,593	34,818	42,217	43,710	46,175
Capital Expenditure - Standard											
Governance and administration		-	618	1,080	2,290	2,771	2,771	877	1,070	853	1,264
Executive and council		-	-	-	1,300	1,773	1,773	735	888	635	1,036
Budget and treasury office		-	270	-	800	-	-	-	-	-	-
Corporate services		-	800	1,000	390	998	998	142	206	217	228
Community and public safety		541	-	100	1,757	2,248	2,248	296	1,250	1,316	1,381
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		541	-	100	1,757	2,248	2,248	296	1,250	1,316	1,381
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		14,864	25,887	77,832	42,533	44,420	44,420	33,151	36,498	41,141	43,130
Planning and development		2,169	436	2,427	5,825	2,861	2,861	2,227	2,600	2,738	2,872
Road transport		12,695	25,452	75,505	36,708	41,560	41,560	30,924	36,498	38,403	40,258
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		400	-	-	900	3,153	3,153	494	800	400	400
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		400	-	-	900	3,153	3,153	494	800	400	400
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	15,806	26,497	79,032	47,481	52,593	52,593	34,818	42,217	43,710	46,175
Funded by:											
National Government		15,806	26,497	79,032	-	40,635	40,635	32,591	42,145	43,633	46,094
Provincial Government		-	-	-	-	2,711	2,711	2,227	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	15,806	26,497	79,032	-	43,346	43,346	34,818	42,145	43,633	46,094
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	9,247	3,247	-	72	76	81
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	15,806	26,497	79,032	-	52,593	52,593	34,818	42,217	43,710	46,175

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

- Table A5 is a breakdown of the capital program in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard

T.N.S

MHLONTLO MUNICIPALITY 2012/2013 MTREF

classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

2. Single-year capital expenditure has been appropriated at R42 million for the 2012/13 financial year and then increases over the MTREF to levels of R44 million and R46 million respectively for the two outer years.

Table 13 : EC156 Mhlontlo - MBRR Table A6 Budgeted Financial Position

Description	Ref	2008/09	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Current assets											
Cash		2,252	118	6,654					4,228	4,558	7,327
Call investment deposits	1	572	3,442	54	-	-	-	-	-	-	-
Consumer debtors	1	1,861	1,749	8,426	-	-	-	-	440	456	450
Other debtors		1,328	11,297	16,907					11,730	13,039	14,766
Current portion of long-term receivables											
Inventory	2										
Total current assets		6,013	16,606	32,043	-	-	-	-	16,398	18,054	22,543
Non current assets											
Long-term receivables											
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	-	26,497	49,246	29,697	29,833	29,833	-	30,882	31,828	33,610
Agricultural											
Biological											
Intangible					307	307	337		361	417	499
Other non-current assets					6,279	15,994	15,934		5,789	6,056	6,395
Total non current assets		-	26,497	49,246	36,283	46,134	46,134	-	37,033	38,342	40,504
TOTAL ASSETS		6,013	43,104	81,289	36,283	46,134	46,134	-	53,430	56,396	63,048
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	2,080								
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	6,186	8,435	18,144	-	-	-	-	-	-	-
Provisions		4,968	2,216	1,329							
Total current liabilities		11,153	12,731	19,473	-	-	-	-	-	-	-
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		11,153	12,731	19,473	-	-	-	-	-	-	-
NET ASSETS		(5,141)	30,372	61,816	36,283	46,134	46,134	-	53,430	56,396	63,048
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		(5,141)	30,372	61,816	36,283	46,134	46,134		49,630	54,396	61,048
Reserves	4	-	-	-	-	-	-	-	3,800	2,000	2,000
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	(5,141)	30,372	61,816	36,283	46,134	46,134	-	53,430	56,396	63,048

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in

T.N.S

MHLONTLO MUNICIPALITY 2012/2013 MTREF

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 14 : EC156 Mhlontlo – MBRR Table A7 Budgeted Cash Flows

Description	R/ thousand	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		66,463	145,086	1,863	17,797	21,538	21,533	55,356	11,548	12,144	12,800
Government - operating	1			130,272	91,169	94,679	94,679	87,487	123,843	140,417	160,186
Government - capital	1			29,338	29,338	33,589	33,589		34,376	36,262	38,359
Interest			1,185					555	751	792	834
Dividends											
Payments											
Suppliers and employees		(54,096)	(121,083)	(104,312)	(90,823)	(97,213)	(97,213)	(142,123)	(127,873)	(143,347)	(160,678)
Finance charges		(441)	(35)	(30)							
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		12,194	25,154	28,691	47,431	52,593	52,593	1,275	42,645	46,268	51,502
CASH FLOW FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (increase) in non-current debtors			24								
Decrease (increase) other non-current receivables		(103)	(2,870)								
Decrease (increase) in non-current investments		7,771						(412)	3,800	2,000	2,000
Payments											
Capital assets		(16,990)	(26,497)	(22,749)	(47,481)	(52,593)	(52,593)		(42,217)	(43,710)	(46,175)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(9,321)	(29,344)	(22,749)	(47,481)	(52,593)	(52,593)	(412)	(38,417)	(41,710)	(44,175)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		2,873	(4,190)	5,942	0	0	0	863	4,228	4,558	7,327
Cash/cash equivalents at the year begin:	2	(8,087)	(5,214)	(9,404)		159		159		4,228	8,787
Cash/cash equivalents at the year end:	2	(5,214)	(9,404)	(3,462)	0	159	0	1,023	4,228	8,787	16,114

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

3. It can be seen that the cash levels of the Municipality fell significantly over the 2008/09 to 2009/10 period.
4. The tabled 2012/13 MTREF provide for a further increase in cash for the 2012/13 financial year resulting in an overall projected positive cash position of R4 million at year end.

Table 15 : EC156 Mhlontlo –MBRR Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Rial	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and Investments available											
Cash/cash equivalents at the year end	1	(5,214)	(9,404)	(3,462)	0	159	1	1,023	4,228	8,787	16,114
Other current investments > 90 days		8,038	10,884	10,170	(0)	(159)	(1)	(1,023)	–	(4,228)	(8,787)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and Investments available:		2,823	1,480	6,708	–	–	–	–	4,228	4,558	7,327
Application of cash and investments											
Unspent conditional transfers		2,605	3,534	8,979	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	(4,113)	(223,507)	5,456	–	–	–	–	(11,386)	(12,632)	(14,279)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		(1,508)	(219,972)	14,436	–	–	–	–	(11,386)	(12,632)	(14,279)
Surplus(shortfall)		4,332	221,452	(7,728)	–	–	–	–	15,614	17,190	21,606

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the table it can be seen that for the period 2008/09 to 2010/11 the position worsened from a surplus of R4.3 million to a deficit of R7.7 million.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium-term framework was to ensure the budget is funded and aligned to section 18 of the MFMA.

Table 16 : EC156 Mhlontlo –MBRR Table A9 Asset Management (BELOW)

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	15,865	26,497	22,749	41,362	52,593	52,593	42,217	43,710	46,175
Infrastructure - Road transport	14,400	25,345	19,812	31,255	27,854	27,854	19,948	21,005	22,034
Infrastructure - Electricity	-	-	-	1,000	4,556	4,556	8,000	8,424	8,837
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	348	-	-	1,600	1,600	1,600	800	400	400
Infrastructure	14,748	25,345	19,812	33,855	34,010	34,010	28,748	29,829	31,271
Community	762	107	373	3,254	4,102	4,102	6,600	6,950	7,290
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	348	1,046	2,188	3,904	14,131	14,131	6,458	6,455	7,044
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	7	-	375	350	350	350	412	476	569
Total Renewal of Existing Assets	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport	-	-	-	-	-	-	-	-	-
Infrastructure - Electricity	-	-	-	-	-	-	-	-	-
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	14,400	25,345	19,812	31,255	27,854	27,854	19,948	21,005	22,034
Infrastructure - Road transport	14,400	25,345	19,812	31,255	27,854	27,854	19,948	21,005	22,034
Infrastructure - Electricity	-	-	-	1,000	4,556	4,556	8,000	8,424	8,837
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	348	-	-	1,600	1,600	1,600	800	400	400
Infrastructure	14,748	25,345	19,812	33,855	34,010	34,010	28,748	29,829	31,271
Community	762	107	373	3,254	4,102	4,102	6,600	6,950	7,290
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	348	1,046	2,188	3,904	14,131	14,131	6,458	6,455	7,044
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	7	-	375	350	350	350	412	476	569
TOTAL CAPITAL EXPENDITURE - Asset class	15,865	26,497	22,749	41,362	52,593	52,593	42,217	43,710	46,175
ASSET REGISTER SUMMARY - PPE (WDV)									
Infrastructure - Road transport	14,400	25,345	19,812	27,416	24,433	24,433	17,498	18,425	19,328
Infrastructure - Electricity	-	-	-	877	3,997	3,997	7,018	7,389	7,752
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	348	-	-	1,404	1,404	1,404	702	351	351
Infrastructure	14,748	25,345	19,812	29,697	29,833	29,833	25,217	26,166	27,431
Community	762	107	373	2,854	3,598	3,598	5,789	6,096	6,395
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	348	1,046	2,188	3,425	14,131	14,131	5,665	5,662	6,179
Agricultural Assets	-	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-	-
Intangibles	-	-	-	307	307	307	361	417	499
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	15,858	26,497	22,374	36,283	47,869	48,373	37,033	38,342	40,504
EXPENDITURE OTHER ITEMS									
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-
Repairs and Maintenance by Asset Class	-	-	-	8,501	5,471	5,471	3,165	3,117	3,265
Infrastructure - Road transport	-	-	-	5,000	1,000	1,000	-	-	-
Infrastructure - Electricity	-	-	-	892	1,200	1,200	800	842	884
Infrastructure - Water	-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation	-	-	-	-	-	-	-	-	-
Infrastructure - Other	-	-	-	530	770	770	500	311	321
Infrastructure	-	-	-	6,422	2,970	2,970	1,300	1,153	1,205
Community	-	-	-	119	340	340	50	53	55
Heritage assets	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	1,960	2,161	2,161	1,815	1,911	2,005
TOTAL EXPENDITURE OTHER ITEMS	-	-	-	8,501	5,471	5,471	3,165	3,117	3,265

T.N.S

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality does not meet these recommendations as the municipality is still having a huge backlog in construction of infrastructure in the rural communities. Bulk of the budget is for construction of new infrastructure (Roads) .

Table 17 : EC156 Mhlontlo – MBRR Table A10 Basic service delivery measurement

EC156 Mhlontlo - Table A10 Basic service delivery measurement									
Description	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
	Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Household service targets									
Water:									
Piped water inside dwelling									
Piped water inside yard (but not in dwelling)									
Using public tap (at least min.service level)									
Other water supply (at least min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)									
Other water supply (< min.service level)									
No water supply									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:									
Flush toilet (connected to sewerage)									
Flush toilet (with septic tank)									
Chemical toilet									
Pit toilet (ventilated)									
Other toilet provisions (> min.service level)									
<i>Minimum Service Level and Above sub-total</i>	-	-	-	-	-	-	-	-	-

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Bucket toilet									
Other toilet provisions (< min.service level)									
No toilet provisions									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
<u>Energy:</u>									
Electricity (at least min.service level)									
Electricity - prepaid (min.service level)									
<i>Minimum Service Level and Above sub- total</i>	-	-	-	-	-	-	-	-	-
Electricity (< min.service level)									
Electricity - prepaid (< min. service level)									
Other energy sources									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
<u>Refuse:</u>									
Removed at least once a week							1,135	1,135	1,135
<i>Minimum Service Level and Above sub- total</i>	-	-	-	-	-	-	1,135	1,135	1,135
Removed less frequently than once a week									
Using communal refuse dump									
Using own refuse dump									
Other rubbish disposal									
No rubbish disposal									
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	1,135	1,135	1,135
<u>Households receiving Free Basic Service</u>									
Water (6 kilolitres per household per month)									
Sanitation (free minimum level service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed at least once a week)							265	265	265
<u>Cost of Free Basic Services provided (R'000)</u>									
Water (6 kilolitres per									

T.N.S

MHLONTLO MUNICIPALITY 2012/2013 MTREF

household per month)									
Sanitation (free sanitation service)									
Electricity/other energy (50kwh per household per month)									
Refuse (removed once a week)							96	101	106
Total cost of FBS provided (minimum social package)	-	-	-	-	-	-	96	101	106
Highest level of free service provided									
Property rates (R value threshold)									
Water (kilolitres per household per month)									
Sanitation (kilolitres per household per month)									
Sanitation (Rand per household per month)									
Electricity (kwh per household per month)									
Refuse (average litres per week)									
Revenue cost of free services provided (R'000)									
Property rates (R15 000 threshold rebate)							900	948	994
Property rates (other exemptions, reductions and rebates)									
Water									
Sanitation									
Electricity/other energy									
Refuse							96	101	106
Municipal Housing - rental rebates									
Housing - top structure subsidies									
Other									
Total revenue cost of free services provided (total social package)	-	-	-	-	-	-	996	1,048	1,100

Part 2 – Supporting Documentation

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the CFO.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

2.2 Budget process overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2011) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required IDP and budget time schedule

2.3 Budget Time Schedule for 2012/13

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
JULY 2011 (PREPARATION PHASE)			
IDP	<ul style="list-style-type: none"> Development of IDP Framework and Process Plan 	25 July –12 August 2011	Strategic Manager's Office: IDP Manager
AUGUST 2011 (PREPARATION PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Establish and Launch IDP Representative Forum (outline terms of reference and explain process) Mayor tables IDP and Budget process plan in Council Preparation of Annual Financial Statement Finalise 2011/2012 performance agreements (workshop) 	25 July –15 September 2011 26 August 2011 August 2011 August 2011	Strategic Manager's Office: IDP Manager Mayor BTO COO
SEPTEMBER 2011(ANALYSIS PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Advertise IDP Framework and Process Plan Mayoral Izimbizo (Feedback from IDP Implementation) Data Collection (ward based planning – LMs) Data Analysis and Interpretation Evaluate outstanding sector plan requirements and additional analysis where necessary. Establish departmental budget committees First Quarter report to the council 	05 September 2011 05 September – 31 October 2011 12 – 16 September 2011 End September 2011	Strategic Manager's Office: IDP Manager All Sec 57 Managers Municipal Manager
OCTOBER 2011(ANALYSIS – STRATEGIES PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Inputs by various departments and structures. Data Analysis continues. IDP Steering Committee sits to discuss issues identified during Analysis Phase Prioritisation of needs and draft strategic objectives IDP Rep Forum (Analysis , sector departments and parastatals) Tariff review by departments Draft Annual report to council 	13 October 2011 26 – 28 October 2011 10 -14 October 2011 3 October 2011 3 – 14 October 2011 October 2011	All departments Strategic Manager's Office: IDP Manager Municipal Manager BTO COO
NOVEMBER 2011 (OBJECTIVES & STRATEGIES PHASE)			
IDP, Budget	<ul style="list-style-type: none"> Develop Vision, objectives, strategies and 	10 -14 October 2011	Councillors and relevant

MHLONTLO MUNICIPALITY 2012/2013 MTREF

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
and PMS	<ul style="list-style-type: none"> programmes. (Strategic Planning session) Development of Key Performance Areas/ primary operational plan for the new cycle. Departmental Budget inputs Community and Stakeholder consultation on the proposed tariffs Draft Annual report submitted to AG 	1 – 15 November 2011 1 – 18 November 2011 30 November 2011 November 2011	Stakeholders BTO BTO COO
DECEMBER 2011 (STRATEGIES – PROJECT PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Develop list of projects Design projects/ programmes and set project targets and indicators Report on objectives, strategies and draft projects . IDP Steering Committee (strategies) Compilation of Mid-term report 	1 – 15 December 2011 14 December 2011 End December 2011	Municipality All sector departments Strategic Manager's Office : IDP Manager COO
JANUARY 2012 (PROJECT – INTEGRATION PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Project prioritisation Sector Forums and various portfolios sit for project priority list) IDP Steering Committee IDP Rep Forum to align projects and programmes of LMs, sector departments and parastatals. Submission of Capital Budget with Cash flows Mid-year assessment and recommend budget adjustment Budget Adjustments tabled to the council Revise SDBIP in accordance with adjusted budget Review all aspects of 2011/2012 budget including any unforeseen and unavoidable expenditure in the light of need and adjustment budget Mayor tables the 2010/2011 annual report to the council 	3 – 13 January 2012 17 January 2012 26 January 2012 3 -13 January 2012 31 January 2012 20 January 2012 30 January – 9 February 2012 31 January 2012	All departments/portfolios MM & HODs MM Mayor All departments BTO, Directors All Departments All Departments Mayor

MHLONTLO MUNICIPALITY 2012/2013 MTREF

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
FEBRUARY 2012 (INTEGRATION PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Submission of Sector Plans 	15 February 2012	All departments
	<ul style="list-style-type: none"> IDP Steering Committee – draft IDP 	29 February 2012	Strategic Manager's Office: IDP
	<ul style="list-style-type: none"> Finalise 2012-2013 detailed operational and capital budget 	24 February 2012	BTO
	<ul style="list-style-type: none"> Finalise budget policy and tariff policy 	17 February 2012	COO
	<ul style="list-style-type: none"> Consolidation of draft 2012-2013 annual budget 	6-29 February 2012	All Departments
	<ul style="list-style-type: none"> Publicise 2010-2011 annual report and invite comments from communities 	29 February 2012	
	<ul style="list-style-type: none"> Submit report to AG, Provincial Treasury and DLGTA 		
	<ul style="list-style-type: none"> Mid-year performance reviews 		
	<ul style="list-style-type: none"> Departmental Sub-mission of Draft SDBIP for 2012/2013 		
MARCH 2012 (APPROVAL PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Draft IDP and Budget tabled to Council 	15 March 2012	Strategic Manager's Office: IDP Manager
	<ul style="list-style-type: none"> Draft IDP and Budget adopted by Council 	29 March 2012	Mayor
	<ul style="list-style-type: none"> Approval of 2010/2011 oversight report on the annual report 		Municipal Manager
	<ul style="list-style-type: none"> Adoption of the 2010/11 annual report 		
	<ul style="list-style-type: none"> Submission of the term report to the council 		
APRIL 2012 (APPROVAL PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Publicise/ advertise the IDP and Budget Road show schedule. 	2 April 2012	Communications
	<ul style="list-style-type: none"> IDP and Budget Road shows 	10 – 20 April 2012	Speaker's Office
	<ul style="list-style-type: none"> Draft IDP and Budget advertised for comments 	10 – 30 April 2012	Strategic Manager's, CFO: IDP Manager
	<ul style="list-style-type: none"> Draft of new scorecard for Sec 57 		
MAY 2012 (APPROVAL PHASE – FINAL IDP & BUDGET)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Incorporation of community inputs into the IDP and Budget. 	7 – 11 May 2012	COO's Office: IDP
	<ul style="list-style-type: none"> Mayor tables 2012/13 IDP and Budget to Council for final adoption. 	29 May 2012	Council
JUNE 2012 (POST APPROVAL PHASE)			
IDP, Budget and PMS	<ul style="list-style-type: none"> Summary of the IDP and Submission to the MEC 	01-15 June 2012	IDP Unit
	<ul style="list-style-type: none"> Public notice on adoption of IDP & Budget. 	4 – 12 June	COO

PROCESS	ACTIVITY	TIME FRAME	RESPONSIBILITY
	<ul style="list-style-type: none"> Draft SDBIP & performance agreements 	2012	

2.4 IDP and SDBIP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality's response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (PGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPis);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP.

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

The 2012/13 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 18 : EC156 Mhlontlo -MBRR Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

EC156 Mhlontlo - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)											
Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
FINANCIAL VIABILITY	Provide proper revenue collection services and effective debt collection strategies and mechanisms								18,649	19,174	21,669
	To ensure an integrated budget planning process and Proper Financial reporting in line with relevant Legislation										
Infrastructure Development, Planning and Basic Services Delivery	To ensure universal access to basic household, community and social services								69,037	84,535	98,028
INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT	HUMAN RESOURCES DEVELOPMENT AND ADMINSTRATION								16,219	17,279	18,754
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	HUMAN RESOURCES DEVELOPMENT AND ADMINSTRATION								12,462	13,295	14,166
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To ensure an Integrated development planning in line with relevant legislation								10,094	10,810	11,587
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve effectiveness and efficiency of special programme								2,111	1,918	2,030
Infrastructure Development, Planning and Basic Services Delivery	To maintain a safe and healthy environment								3,913	2,933	4,149
	To maintain a safe and healthy environment								10,147	10,172	10,831
	To ensure safety on our roads								18,929	19,936	21,129

MHLONTLO MUNICIPALITY 2012/2013 MTREF

GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve effectiveness and efficiency of special programme										
Local Economic Development and Rural Development	To promote growth and development of the Tourism Sector as one of the anchor industries for the economy of Mhlontlo								9,751	10,391	10,677
Allocations to other priorities											
Total Revenue (excluding capital transfers and contributions)			-	-	-	-	-	-	171,313	190,445	213,019

Table 19 : EC156 Mhlontlo - MBRR Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

EC156 Mhlontlo - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)											
Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
FINANCIAL VIABILITY	Provide proper revenue collection services and effective debt collection strategies and mechanisms								16,446	16,861	17,945
	To ensure an integrated budget planning process and Proper Financial reporting in line with relevant Legislation										
Infrastructure Development, Planning and Basic Services Delivery	To ensure universal access to basic household, community and social services								36,340	47,395	58,489
INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT	HUMAN RESOURCES DEVELOPMENT AND ADMINISTRATION								12,255	13,078	13,938

T.N.S

MHLONTLO MUNICIPALITY 2012/2013 MTREF

GOOD GOVERNANCE AND PUBLIC PARTICIPATION	HUMAN RESOURCES DEVELOPMENT AND ADMINISTRATION										
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To ensure an Integrated development planning in line with relevant legislation							9,531	10,175	10,850	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve effectiveness and efficiency of special programme							1,811	1,918	2,030	
Infrastructure Development, Planning and Basic Services Delivery	To maintain a safe and healthy environment							9,347	9,772	10,431	
	To maintain a safe and healthy environment							1,956	2,060	2,161	
	To ensure safety on our roads							17,679	18,420	19,549	
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve effectiveness and efficiency of special programme							16,219	17,279	18,454	
Local Economic Development and Rural Development	To promote growth and development of the Tourism Sector as one of the anchor industries for the economy of Mhlontlo							7,151	7,297	7,785	
Allocations to other priorities											
Total Expenditure			-	-	-	-	-	-	128,736	144,256	161,632

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 20 : EC156 Mhlontlo - MBRR Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

EC156 Mhlontlo - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)											
Strategic Objective	Goal	Goal Code	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Infrastructure Development, Planning and Basic Services Delivery	To ensure universal access to basic household, community and social services								36,498	38,403	40,258
INSTITUTIONAL TRANSFORMATION AND DEVELOPMENT	HUMAN RESOURCES DEVELOPMENT AND ADMINISTRATION								206	217	228
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	HUMAN RESOURCES DEVELOPMENT AND ADMINISTRATION								-	-	300
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	To ensure an Integrated development planning in line with relevant legislation								563	635	736
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	Improve effectiveness and efficiency of special programme								300	-	-
Infrastructure Development, Planning and Basic Services Delivery	To maintain a safe and healthy environment								800	400	400
	To ensure safety on our roads								1,250	1,316	1,381
Local Economic Development and Rural Development	To promote growth and development of the Tourism Sector as one of the anchor industries for the economy of Mhlontlo								2,600	2,738	2,872
Allocations to other priorities											
Total Capital Expenditure			-	-	-	-	-	-	42,217	43,710	46,175

2.5 Measurable performance objectives and indicators

- Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information and in terms of the Municipal Systems Act, municipalities are required to prepare organisational performance management system (OPMS) that is linked to the IDP. Mhlontlo Municipality is currently in the process of finalising the OPMS and this has been incorporated into this IDP Process Plan. The PMS process will address the following issues:
 - Alignment of the PMS, Budget and IDP processes;
 - Implementation of individual performance management system at managerial level.
 -
 - The IDP, OPMS and budget are all components of one overall development planning and management system. The IDP sets out what the municipality aims to accomplish, and how it will do this. The PMS enables the municipality to check the extent to which it is achieving its aims. The budget provides the resources that the municipality will use to achieve its aims.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Table 21 : EC156 Mhlontlo - MBRR Table SA7 Measurable Performance Indicators

EC156 Mhlontlo - Supporting Table SA7 Measurable performance objectives										
Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcom e	Audited Outcom e	Audited Outcom e	Origina l Budget	Adjuste d Budget	Full Year Forecas t	Budget Year 2012/1 3	Budget Year +1 2013/1 4	Budget Year +2 2014/1 5
Vote 1 - Mayor's Office										
Function 1 - SPU										
Sub-function 1 - SPU										
Improve effectiveness and efficiency of special programmes	An adopted special programmes mainstreaming strategy							40.0%	40.0%	40.0%
Establishment of Special Programmes statutory structures (Youth Forums, Women Forums and Dand Elderly Forums)	No of structure in place and fully functional							40.0%	40.0%	40.0%
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - Speaker's Office										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Vote 4 - Budget & Treasury Office										
Function 1 -BTO										
Revenue Management										
Provide proper revenue collection services and effective debt collection strategies and mechanisms	Increased Revenue Collection									
Provide proper revenue collection services and effective	Credible Valuation Roll									

MHLONTLO MUNICIPALITY 2012/2013 MTREF

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MHLONTLO MUNICIPALITY 2012/2013 MTREF

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MHLONTLO MUNICIPALITY 2012/2013 MTREF

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2.6 Performance indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2012/13 MTREF.

Table 22 : EC156 Mhlontlo - MBRR Table SA8 Performance indicators and benchmarks

[illegible]

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MHLONTLO MUNICIPALITY 2012/2013 MTREF

Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		240.9%	1716.4 %	14.6%	155.0%	109.7%	109.7%	466.7 %	93.6%	93.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			241.2%	1750.8 %	14.6%	155.0%	109.7%	109.7%	466.7 %	93.6%	93.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	5.2%	26.4%	35.9%	0.0%	0.0%	0.0%	0.0%	8.8%	8.6%	8.6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))										
Creditors to Cash and Investments		-68.7%	-52.1%	-264.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other Indicators											
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source										
Employee costs	Employee costs/(Total Revenue - capital revenue)	38.4%	53.3%	49.5%	321.2 %	32.8%	32.8%	24.7%	37.2%	35.5%	33.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	146.6 %	44.3%	44.3%		46.2%	44.0%	41.7%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	74.1%	5.1%	5.1%		2.3%	2.0%	1.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	23.2	9.2	-	-	-	-	18.7	16.5	16.5	17.3
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received	149.2%	506.0%	1689.0 %	0.0%	0.0%	0.0%	0.0%	136.6 %	144.3 %	154.9 %

MHLONTLO MUNICIPALITY 2012/2013 MTREF

	for services										
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	(1.8)	(3.5)	(1.1)	0.0	0.0	0.0	0.2	0.5	0.8	1.4

Borrowing Management : Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. Mhlontlo has limited the funding of its capital program to capital grants receivable and use of own revenue in the 2012/2013 MTREF

2.7 Overview of budget related policies

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

The following budget related policies exist :-

- (a) Credit control and debt collection policy
- (b) Property rates policy
- (c) Tariff policy
- (d) Supply Chain Management policy

These were reviewed but no changes were proposed for the 2012/2013 budget year.

2.8 Councillor and Employee related cost

Table 23 : EC156 Mhlontlo - MBRR Table SA22 Summary councillor and staff benefits

EC156 Mhlontlo - Supporting Table SA22 Summary councillor and staff benefits									
Summary of Employee and Councillor remuneration	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
-	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages				9,188	5,353	5,353	5,140	5,499	5,912
Pension and UIF Contributions				59	2,385	2,385	2,860	3,060	3,290
Medical Aid Contributions				788	945	945	899	961	1,034
Motor Vehicle Allowance				1,108	2,806	2,806	2,875	3,077	3,307
Cellphone Allowance				658	680	680	647	693	744

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Housing Allowances					18	18	-	-	-
Other benefits and allowances					20	20	-	-	-
Sub Total - Councillors	-	-	-	11,801	12,207	12,207	12,421	13,290	14,287
% increase		-	-	-	3.4%	-	1.8%	7.0%	7.5%
Senior Managers of the Municipality									
Basic Salaries and Wages				3,236	3,262	3,262	3,686	3,963	4,260
Pension and UIF Contributions				453	445	445	263	282	303
Medical Aid Contributions				280	241	241	310	333	358
Overtime							-	-	-
Performance Bonus							-	-	-
Motor Vehicle Allowance				701	697	697	714	767	825
Cellphone Allowance				168	168	168	462	496	534
Housing Allowances				193	179	179	201	217	233
Other benefits and allowances					32	32	-	-	-
Payments in lieu of leave							-	-	-
Long service awards							-	-	-
Post-retirement benefit obligations							-	-	-
Sub Total - Senior Managers of Municipality	-	-	-	5,031	5,023	5,023	5,636	6,058	6,513
% increase		-	-	-	(0.2%)	-	12.2%	7.5%	7.5%
Other Municipal Staff									
Basic Salaries and Wages					18,513	18,513	23,691	25,454	27,347
Pension and UIF Contributions					2,116	2,116	4,486	4,820	5,179
Medical Aid Contributions					1,903	1,903	6,600	7,089	7,614
Overtime					693	693	245	263	283
Performance Bonus					-	-	-	-	-
Motor Vehicle Allowance					2,286	2,286	3,767	4,048	4,351
Cellphone Allowance					301	301	577	619	664
Housing Allowances					1,298	1,298	1,918	2,060	2,213
Other benefits and allowances					2,810	2,810	4,563	4,899	5,260
Payments in lieu of leave							200	215	231
Long service awards							-	-	-
Post-retirement benefit obligations							-	-	-
Sub Total - Other									

MHLONTLO MUNICIPALITY 2012/2013 MTREF

Municipal Staff	-	-	-	-	29,920	29,920	46,045	49,469	53,142
% increase		-	-	-	-	-	53.9%	7.4%	7.4%
Total Parent Municipality	-	-	-	16,833	47,151	47,151	64,102	68,817	73,941
		-	-	-	180.1%	-	35.9%	7.4%	7.4%
TOTAL SALARY, ALLOWANCES & BENEFITS	-	-	-	16,833	47,151	47,151	64,102	68,817	73,941
% increase		-	-	-	180.1%	-	35.9%	7.4%	7.4%
TOTAL MANAGERS AND STAFF	-	-	-	5,031	34,944	34,944	51,681	55,527	59,654

Table 24 : EC156 Mhlontlo - MBRR Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

EC156 Mhlontlo - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)							
Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
Councillors							
Speaker	1	237,796	138,745	144,124			520,665
Chief Whip	1	221,854	131,153	136,533			489,541
Executive Mayor	1	301,566	153,928	182,197			637,691
Deputy Executive Mayor							-
Executive Committee	9	1,243,415	821,679	789,850			2,854,945
Total for all other councillors	40	3,134,938	2,513,170	2,269,810			7,917,919
Total Councillors	52	5,139,569	3,758,676	3,522,515			12,420,760
Senior Managers of the Municipality							
Municipal Manager (MM)		881,471	-	-			881,471
Chief Finance Officer		467,471	138,745	186,125			792,341
Director: Corporate Services		467,471	86,702	238,168			792,341
Director : Infrastructural, Planning &		467,471	86,702	238,168			792,341

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MHLONTLO MUNICIPALITY 2012/2013 MTREF

Development							
Director : Strategic Management		467,471	86,702	238,168			792,341
Director : Community Services		467,471	86,702	238,168			792,341
<i>List of each official with packages >= senior manager</i>							
Director : Local Economic Development		467,471	86,702	238,168			792,341
							-
							-
Total Senior Managers of the Municipality	-	3,686,294	572,256	1,376,966	-		5,635,516
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	52	8,825,863	4,330,932	4,899,481	-		18,056,276

2.9 Contracts having future budgetary implications

In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget & Treasury Office.

The following is the list of contracts :-

Table 25 : EC156 Mhlontlo - MBRR Table SA32 List of external mechanisms

EC156 Mhlontlo - Supporting Table SA32 List of external mechanisms					
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
XEROX	Yrs	3	Lease of Printing Machines and Laptops	31 October 2013	1,440